

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF ROYAL) APPEAL NO. 07-A-2713
TRAVEL, INC. from the decision of the Board of) FINAL DECISION
Equalization of Valley County for tax year 2007.) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing February 26, 2008 in Cascade, Idaho before Presiding Officer Steve Wallace. Board Members David E. Kinghorn and Linda S. Pike participated in this decision. Attorney J. Charles Blanton submitted written information prior to hearing on behalf of Appellant Royal Travel, Inc. for consideration in this matter. Assessor Karen Campbell and Chief Deputy Assessor Deedee Gossi appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RP19N03E224390A.

The issue on appeal is the market value of an improved residential property.

The decision of the Valley County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$2,550,070, and the improvements' valuation is \$215,010, totaling \$2,765,080. Appellant requests the land value be reduced to \$2,000,000, and the improvements' value be reduced to \$115,000, totaling \$2,115,000.

The subject property is 5.035 acres with 474 lakefront feet on Payette Lake. Subject is described as having panoramic views of the mountains and lake. The beach is rocky and considered poor. The property is improved with a 1,731 square foot residence built in 1980 and considered to be in average condition. The residence is assessed at \$176,850. Additional improvements include a 576 square foot detached garage, a small utility shed, and boat docks, valued together at \$38,160.

Appellant argued subject's nearly 265% percent assessment increase over the prior year was excessive and challenged the valuation method used by Respondent. It was contended valuing subject on a front foot basis alone is not proper because it fails to consider the unique topography of the parcel. Appellant claimed subject has inhospitable topography with rock outcroppings, sheer cliffs and an abrupt drop off from the building site to the lake. Pictures depicting these features were submitted. Access to the lake was described as hazardous, which was argued to limit potential purchasers. In particular, elderly folks and families with young children would find accessing the lake too difficult and dangerous. Subject was argued to only have roughly 50 useable front feet.

Appellant contended there were only three (3) lakefront properties comparable to subject, none of which had recently sold. It was noted since 2004, there have only been nine (9) sales involving property with land assessments in excess of \$2,000,000. These properties were argued to have superior beachfront and thus not comparable to subject, or representative of the general market. In all, Appellant contended subject's large assessment increase was excessive, arbitrary, and capricious and not supported by market data of similar property.

Respondent explained the method used to arrive at land values for parcels fronting Payette Lake. Ten (10) sales of lakefront property were examined to determine a base front foot rate (base rate). Adjustments to the base rate are then made to account for the unique physical characteristics of each lakefront parcel. It was determined the standard lakefront parcel on Payette Lake contained 100 front feet and 225 feet of depth. Because subject was not a standard lot (474 front feet), a positive adjustment of 12% was applied. Downward adjustments were also made as follows: 5% for an easement, 30% for steep topography, and 40% for poor beach access. After applying the adjustments, subject was assessed at \$5,366 per front foot,

which was noted to be approximately one-quarter the base rate.

To support subject's improvement value, Respondent presented five (5) sales of improved properties that occurred in 2005 and 2006. The residences were of the same grade and condition as subject. After extracting the land value from the sales prices, the residual improvement values were between \$197,000 and \$377,350. The size and location of the residences were not shared.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purposes of taxation, Idaho Code requires property be assessed at market value, as defined in § 63-201(10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant's challenge was primarily based on the notion that subject's various detriments were not adequately reflected in the 2007 assessed value. Of particular note, the difficult and dangerous access between subject's residence and the lake.

Appellant also questioned the method used by the County to value subject. Appellant reported there had only been nine (9) sales between 2004 and 2007 with assessed land values in excess of \$2,000,000. All of these properties were argued to be superior to subject in terms of beachfront. Appellant also referenced three (3) properties believed to be similar to subject,

however, none had recently sold. In essence, Appellant's arguments were there were no like properties for comparison to subject and the County's method of valuing lakefront parcels on a front foot basis was improper.

Respondent explained land values for lakefront parcels were calculated using front feet. Lakefront sales were used to establish a base rate that was applied to all properties on the lake. Adjustments were then made to account for the unique physical characteristics of individual parcels. The following downward adjustments were applied to subject; 5% for easements, 30% for topography, and 40% for poor beach access. Subject was valued at \$5,366 per front foot, which was noted to be roughly one-quarter the base rate. Respondent contended the combined downward adjustments of 75% adequately addressed subject's detriments.

Although different types of property are by their nature more amenable to valuation by one method of appraisal than another the touchstone in the appraisal of property for *ad valorem* tax purposes is the fair market value of that property, and fair market value must result from application of the chosen appraisal method *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

We agree subject's large assessment increase appears dramatic, however, Respondent determined the value by using a method derived from sales data. Nothing in the record indicates subject was assessed arbitrarily or capriciously. In fact, the large downward adjustments indicate subject was carefully and thoughtfully assessed. Appellant presented no value evidence to show further adjustments were warranted. As such, we find no error in subject's land value.

Concerning the value of subject's residence, Respondent provided five (5) sales of improved property to support the value attributed to subject's improvements. The residences were noted to be similar to subject in terms of grade and condition. After extracting the land value of the sales, the residual improvement values were between \$197,000 and \$377,350. Subject's residence was assessed at \$176,850.

Again, Appellant failed to present evidence in support of the position that subject's improvements were over-assessed. While certain details concerning the improved sales were left unanswered in the record, such as location and square footage, Respondent's sales are the only market information for the Board to consider.

Neither party presented value evidence regarding subject's utility shed or dock, so it is assumed these values are accurate

The Assessor's values are presumed correct and the burden is on the taxpayer to show by a preponderance of the evidence the assessment is erroneous. *Board of County Comm'rs of Ada County v. Sears, Roebuck & Co.*, 74 Idaho 39, 46-47, 256 P.2d 526, 530 (1953). That burden has not been met here. Accordingly the decision of the Valley County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

MAILED April 30, 2008